**FAYETTEVILLE
STATE UNIVERSITY**

COMMITTEE ON LEGAL, AUDIT, RISK, and COMPLIANCE
WEDNESDAY, JUNE 8, 2022
1:00 PM

AGENDA

Call to Order	Glenn Adams, Committee Chair
Welcome and Opening Remarks	Glenn Adams, Committee Chair
Roll Call	
Approval of Minutes	March 23, 2022

Information/Action Item:

A. Internal Audit Update
   Megan Fees
   Chief Audit Officer

B. ERM and Compliance Update
   Elizabeth Hunt
   Compliance and Risk Management Officer

C. Information Technology Update
   Hector Molina
   Vice Chancellor for Information Technology Services and Chief Information Officer

D. LARC Goals Update
   Wanda Jenkins
   GC and VC for Legal, Audit, Risk and Compliance

Action Items:

E. Approval of the 2022-23 Internal Audit Plan Megan Fees
   Chief Audit Officer

Committee members: Glenn Adams, Warren McDonald, John McFadyen, Frederick Nelson
William Warner
Staff Liaison: Wanda Jenkins
Board Professional: Janae Whitmore

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For further information, please contact:
Wanda Jenkins
General Counsel and Vice Chancellor for Legal, Audit, Risk and Compliance
910.672.1145

COMMITTEE ON LEGAL, AUDIT, RISK, AND COMPLIANCE
WEDNESDAY, MARCH 23, 2022
1:45 p.m.

The LARC Committee of the Fayetteville State University Board of Trustees convened Wednesday, March 23, 2022, at 1:45 p.m. In the Rudolph Jones Student Center, Multi-Purpose Room 242 and via zoom. The meeting was called to order at 1:45 p.m., by Chair Glenn Adams.

ROLL CALL
The following trustees were in attendance: Chair Glenn Adams, Mr. Frederick Nelson, Dr. Warren McDonald, Mr. John McFadyen and Mr. William Warner were present

Staff persons in attendance: Atty. Wanda Jenkins, Ms. Elizabeth Hunt, Mrs. Megan Fees, and Vice Chancellor Dr. Hector Molina.

APPROVAL OF MINUTES
It was moved by Trustee Dr. Warren McDonald and seconded by Trustee Fred Nelson that the minutes for December 8, 2021, be approved. The motion carried.

INFORMATION / ACTION ITEMS
ERM (Enterprise Risk Management) Overview & Compliance Update – Elizabeth Hunt (see presentation)

Compliance and Risk Management Officer, Elizabeth Hunt, provided an overview of the FSU Enterprise Risk Management Assessment Process and review governance risk areas.

The deadline for submission of our 2022 top 5 risks to the system office is April 30th, we will also be required to provide an update on how we are managing the top five risks that were submitted in 2021. Risks. Our top five risk in 2021 were Competition for Students/Student Completion, Campus Safety/Incident Response, Finance Sustainability, Aging Facilities, and IT Security.

The University also developed a survey based on current FSU Risk Register and the most common risks in higher education. The survey will be distributed to university leadership and stakeholders.
The Enterprise Risk Management Survey will be conducted annually by the Compliance and Enterprise Risk Management Committee.

Governance risk contributes to long-term organizational sustainability and success.

The Governance ERM survey can help the Board self-assess areas of key governance risk and opportunity.

Internal Audit Update – Megan Fees (see presentation)

Chief Audit Officer, Megan Fees, provided an overview of the Internal Audit Self-Assessment Maturity Model. The model is required to be completed annually and provided to the North Carolina Council of Internal Auditing. The rating range is 1-5 with an expectation of 3. FSU rated at a least a 3 in all 6 themes. The Internal Audit Office is in the process of obtaining audit software which increase the ratings in several categories.

Chief Audit Officer, Megan Fees, briefed the committee on the University's usage of the UNC System Office Internship Program. The internship program was utilized to create a dashboard related to purchasing. The purpose of the dashboard was to identify potential split transactions. Internal Audit reviewed the results of the dashboard for the period of July 1, 2020 – January 18, 2022, Internal Audit concluded there were no split transactions during the time period reviewed. This will be a continuous monitoring tool utilized by the University. This dashboard provides a monitoring control to address findings included in the Office of the State Auditor investigative report issued in September 2021.

Information Technology Update –Dr. Hector Molina (see presentation)

Vice Chancellor for IT Dr. Molina provided an overview of the Security Assessment. The system office adopted a standard call 27002:13 - developed by the International Standard Organization (ISO) which references 14 clauses within the clauses are 35 categories. Initially starts as a self-assessment then a third-party would come in from their perspective, with a grading scale of 0 being the worst and 5 being the best. Assessing ourselves resulting in a 1.54, the third-party result in a 0.87. There were some instances where we would rate ourselves low and the third-party assessor would rate us high, and the third part assessor would rate us low, and we would rate us high.

The next steps to improve our score Research, procure, implement security monitoring toolsets Onboard Security Operation Center (SOC) Partner, Recruit and hire an Information Security Professional, Advance our Information Security Program through policy development & assessment, Partner w/ FSU and UNC System Office Internal Auditor, Develop an annual Cybersecurity budget to ensure sustainability.

COMMITTEE ON LEGAL, AUDIT, RISK, AND COMPLIANCE

ADJOURNMENT
Chair Adams Adjourned at 2:45 p.m.

Respectfully submitted, Janae Whitmore

Compliance and Enterprise Risk Management (ERM) Report

University Risk Register

- The deadline for submission of our top 5 risks to the system office was April 30th.

- For the first time, we were also required to provide an update on how we are managing the top 5 risks that were submitted last year.

- The update included the following information about last year's top risks:
  - Risk owner
  - Risk management approach: avoidance, transferring, mitigation, acceptance
  - Remediation effort status: complete, partial, planned
    - Status for all risks identified last year is partial

FSU Risk Register 2022

The following are the top five risks identified in the system risk register.

Risk Title	Description	Major Risk Category	Is this risk sensitive or confidential?
Cyber Security/Incident Response	Unauthorized access to, accidental disclosure of or employee negligence with data; phishing, ransomware and other cyberthreats; competition to retain qualified IT personnel	Operational	No
Employee Retention/Recruitment	Turnover of key personnel Recruitment of qualified personnel has become increasingly difficult due to nationwide recruitment and changes in the ability to work remotely	Operational	No
Campus Safety/Mental Health	Response to natural/man-made disasters; campus security and safety The COVID pandemic has created an array of mental health concerns amongst faculty, staff, and students	Reputational/Operational	No
Student Retention	Decreasing student population (ages 18-25); competition with UNC institutions with available resources (scholarships) to recruit the best and brightest; graduation completion rate; low enrollment of traditional age students; reviewing programs of study to ensure appropriate programs, of interest, are offered	Financial	No
Facilities Maintenance	Funding inequities to address deferred maintenance and capital projects (new construction/renovations); Lack of funding to address aging residence halls	Operational	No

Internal Audit Report

Megan Fees
Chief Audit Officer

Fayetteville State University
Internal Audit Plan

July 2022 – June 2023

- Formal Risk Assessment Annually – Internal Audit
  - Audit Committee Approval
  - Audit Plan provided to UNC System Office and the North Carolina Council of Internal Audit (OSBM)

Annual Audit Plan Process

- Risk is assessed through:
  - Monitoring
    - What is going on at our University, throughout the UNC System, Nationally, etc.
    - Monthly calls with UNC System Office Chief Audit Officers
    - Quarterly calls with Chief Audit Officers Statewide
    - Risk Management Survey
    - Meetings with University personnel – Chancellor, Cabinet, Faculty, Staff, etc.

Continuous Risk Assessment
Audit Plan Updates
Reporting to Audit Committee

- Continuous Risk Assessment

  - Monitoring of the Helpline

  - Referrals from other agencies

  - Changes in requirements/compliance, staffing, etc.

  - Requests from Management

- Reporting to Audit Committee

  - Activity Reports presented at Audit Committee meetings

Annual Audit Plan

- Purchasing – Contracts and Purchasing Cards
  - Compliance with University and State policy and procedures
  - Continuous monitoring – split transactions

- Review of Information Systems General Controls
  - UNC System Internship Program – OSA top findings other universities

- Research Grants
  - Conflicts of Interest
  - Purchases

- Advancement

  - Gift Receipts

- Quarterly Cash Count Cashier's Office

  - Was cash properly accounted for?

Annual Audit Plan

- Internal Control Questionnaire
  - Was the annual internal control questionnaire adequately completed and submitted timely?
  - Sample of controls and testing to ensure accuracy of the responses.
  - Reporting of any deficiencies to the Audit Committee.
- Audit Findings Follow-up
  - As deemed necessary
  - Follow-up activity related to audit findings resulting from external audits and those from internal audit activities.
- Special Investigations
  - Unplanned investigations of internal or external hotline reports as received.

Annual Audit Plan

- Other/Special Assignments
  - Audit Software/Workpaper Implementation
  - Banner Steering Committee
  - External Audit Assistance
  - Routine Consultations/Management Requests/Committees
  - Continuing Professional Education (CPE)
  - Annual Risk Assessment and Audit Plan Development
  - Quality Assurance and Improvement Program (QAIP)
  - External Reporting Requirements
    - UNC System Office
    - Council of Internal Audit
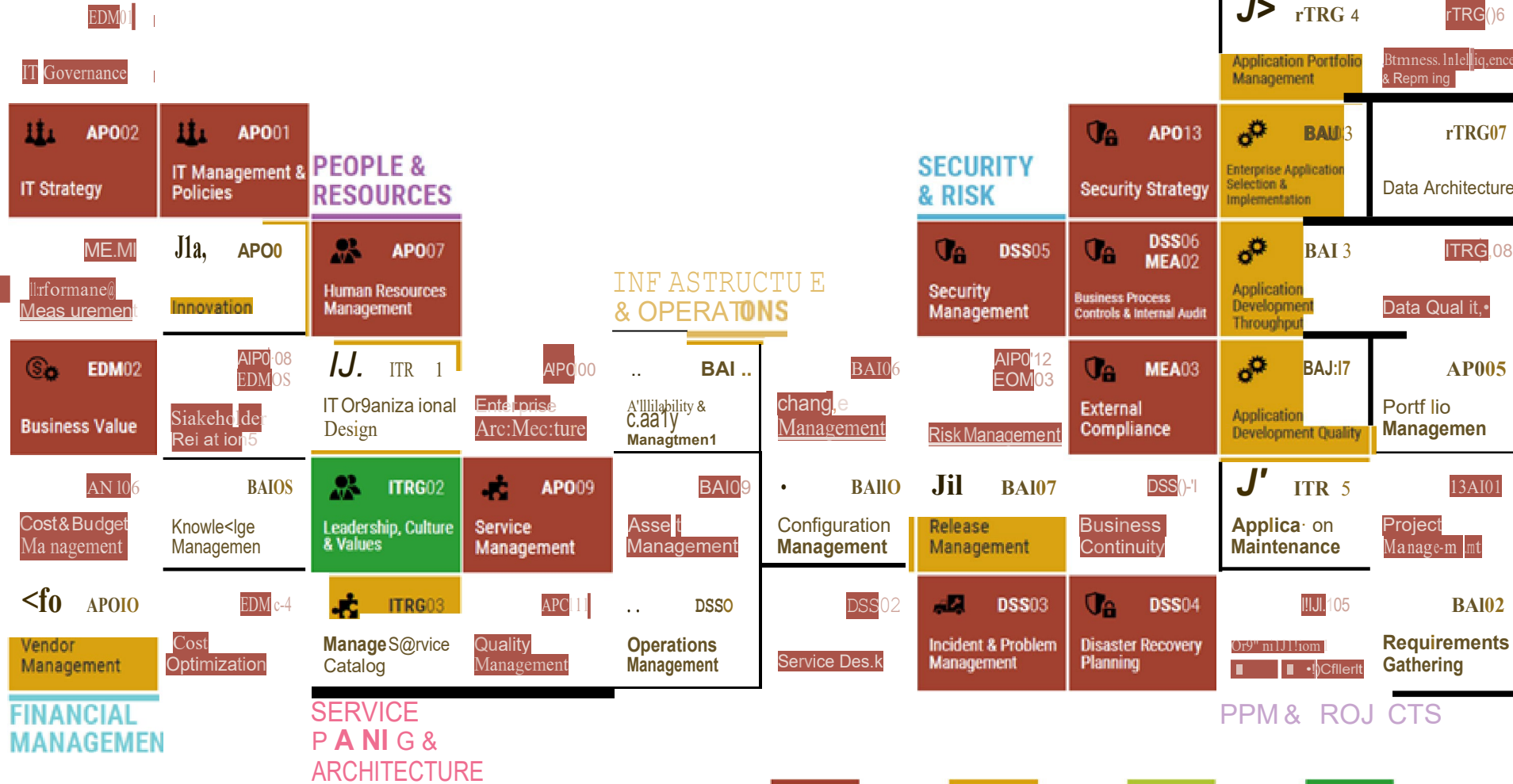   - Office of State Budget and Management

Annual Audit Plan

Annual Audit Plan is Submitted for Audit Committee Approval

Division of Information Technology Services

Dr. Hector Molina
Vice Chancellor for Information Technology | CIO

PURSUIT OF EXCELLENCE...

2024

2022

Innovator – Transforms the University
Reliable Technology Innovation

A Partner – Expands the University
Effective Execution on University Projects, Strategic Use of Academic & Administrative Technologies

Trusted Operator – Optimizes the University
Effective Fulfillment of Services and Projects, Functional University Applications, and Reliable Data Quality

Firefighter – Supports the University
Reliable Infrastructure and IT Service Desk

Unstable – Struggles to Support
Inability to Provide Reliable Technology Services
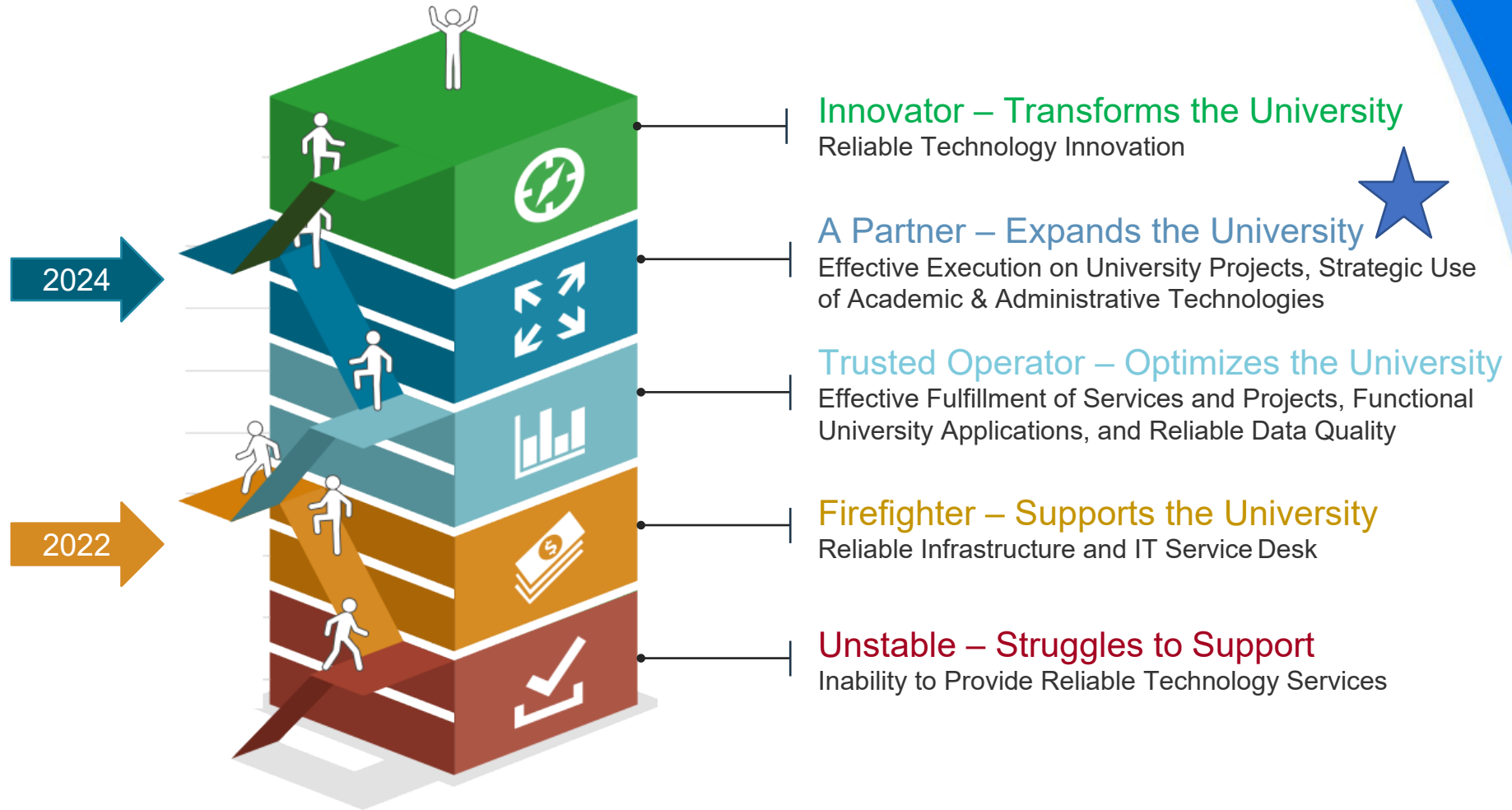
DIVISION GOALS

Strategic Priority 3 | Employee Vitality

- Drawing upon the HBCU culture of giving back, the university will further develop a work environment that promotes, supports, and rewards excellence as well as innovation around employee productivity, satisfaction, and retention.

  - **ITS Goal:** recruit and retain high-caliber IT professionals whose skills reflect our current technology requirements. Continuously seek the best-qualified candidates (**internal** & external), while promoting career goals across the ITS workforce and to provide appropriate training to nurture the talent required to deliver tomorrow's technology in a changing workplace environment.

Strategic Priority 5 | University Sustainability

- Fostering a culture of sustainability is essential to the success of this university. This is accomplished by maximizing funding and aligning fundraising initiatives with university priorities

  - **ITS Goal:** invest, build, and maintain a sound, advanced, secure, and productive information technology infrastructure and systems to support the educational and operational mission of FSU.

INVESTMENT SPEND

Cybersecurity
$502,083

Infrastructure
$3,460,100
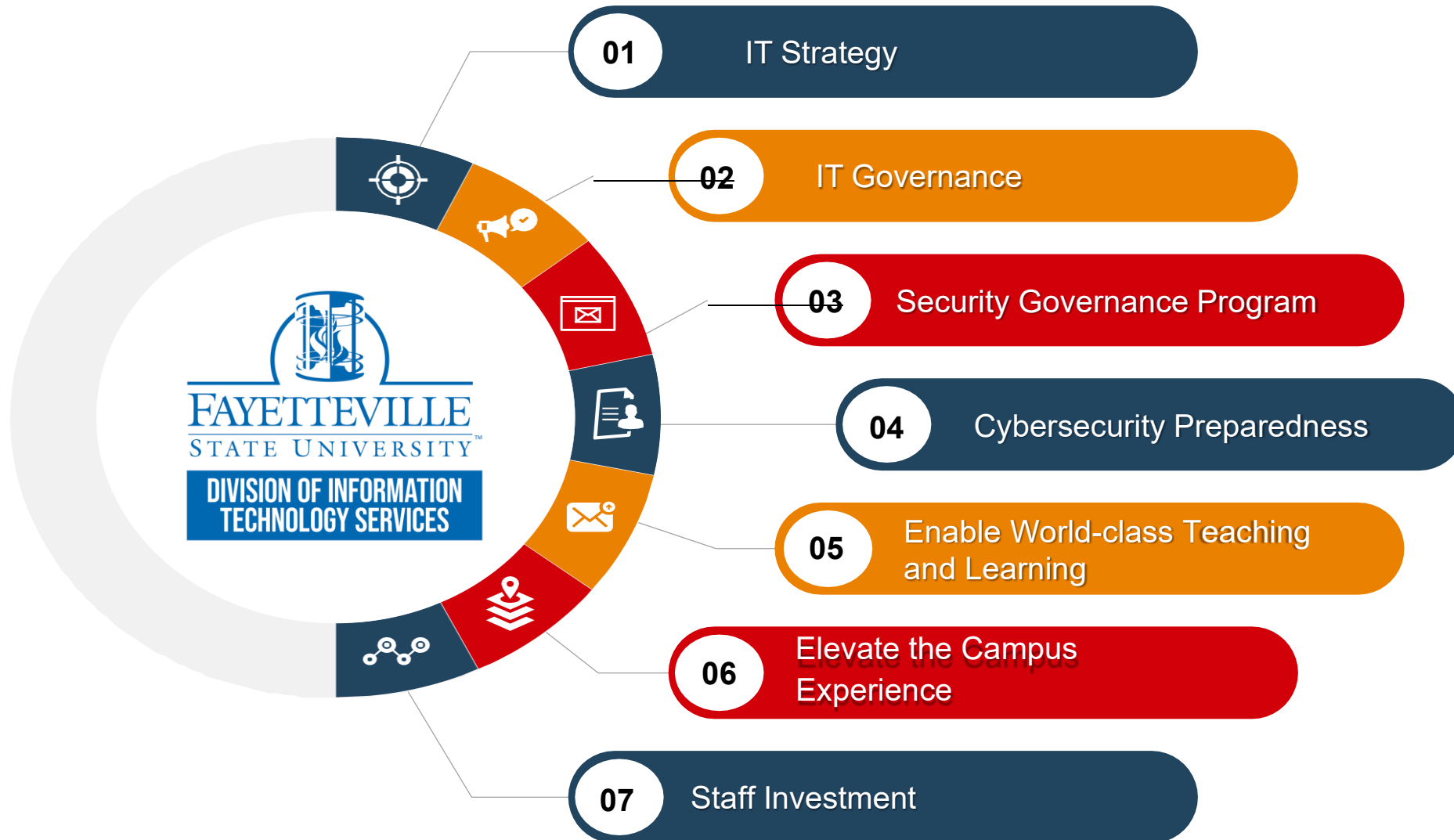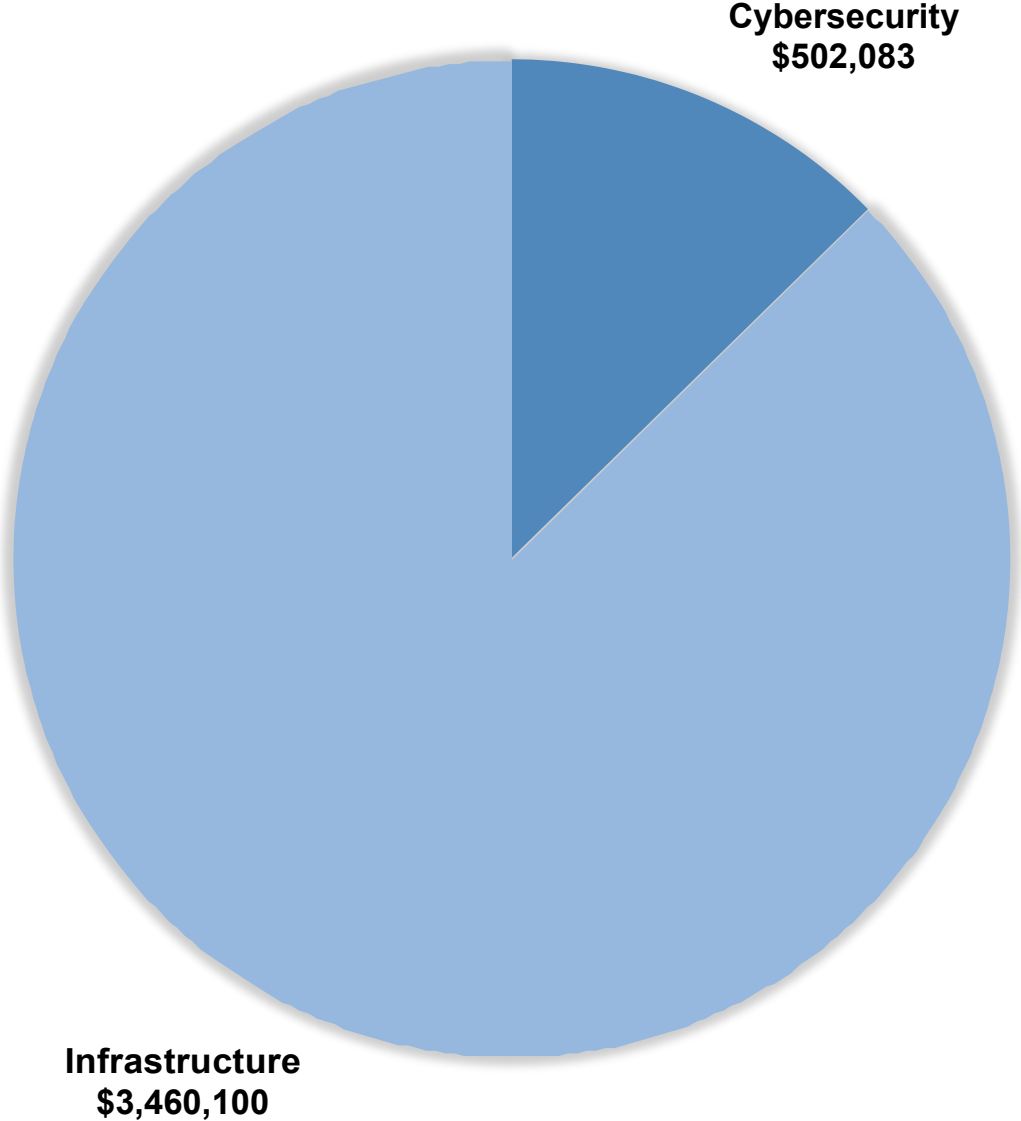
QUESTIONS

DIVISION OVERVIEW

The Division of Legal, Audit, Risk and Compliance (LARC) is responsible for assisting Fayetteville State University in managing its ethical, legal, and regulatory responsibilities. The Division consists of the following units:

- **Legal Affairs** provides comprehensive legal services on a wide range of legal issues

- **Internal Audit** provides independent, objective evaluations and other services designed to add value and improve FSU's operations.

- **Compliance and Enterprise Risk Management** is responsible for promoting an organizational culture that encourages ethical conduct and is committed to complying with applicable laws, regulations and policies. Also, responsible for identifying, assessing, prioritizing and monitoring significant University-wide risks that may adversely impact the University.

- **Title IX** assists in fostering a safe and respectful environment in an effort to protect students, faculty, staff, and visitors from incidents of sex/gender-based discrimination.

- **Police and Public Safety** is responsible for facilitating a safe, secure and service-oriented environment for the University community.

DIVISION GOALS -UPDATE

Goal - Develop a comprehensive pre-law program that will prepare FSU students for law school.

Judge Ola M. Lewis Prelaw Scholars Program

- 10 Scholars (FSU sophomores and juniors, 3.2 or higher gpa)

- Summer Immersion Program (May 14, 2022 – June 10, 2022)
  - $1200 scholarship (summer program, 6-hours credit);
  - $200 gas stipend (Raleigh internships); $50 (Fayetteville internships);
  - Free room and board (summer program)
  - LSAT Prep and Law School Courses (Legal Writing, Constitutional Law and Torts)

- Summer and Fall Internships
  - $1800 scholarship (fall internship, 3-hour credit)
  - Internships
    - NC Supreme Court (1)
    - NC Court of Appeals (3)
    - Cumberland County District Court (2)
    - NC Attorney General's Office (1)
    - Wake County Public Defender's Office (1)
    - State Employees Credit Union Legal Office (1)

DIVISION GOALS -UPDATE

Goal: Create an infrastructure that will encourage and support ethical conduct and openness and transparency.

- Do so by providing training that is intended to assist employees in understanding their ethical responsibilities and the laws, regulations, and policies that govern the University and by providing avenues for employees to confidentially report to appropriate offices or via anonymous reporting mechanisms.
  - Compliance Alerts (quarterly or as needed)
  - Promoting the Safety and Welfare of Minors on Campus (policy and training)
  - Cabinet Trainings (Gifts, Public Records, Purchasing, Misuse of State Property, Confidentiality of Personnel Records, Protection of Minors on Campus, Political Activities)
  - Audit and Compliance Hotline (monitored by Chief Audit Officer and ERM Officer)